



# CLIMATE TRANSPARENCY REPORT

## 2019

Coller Capital

# About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2019 PRI Reporting Framework.

## About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here ([https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-AC0B3427-47D5-4219-B6B9-57E29CE82D07/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C\\*complete\\*%7C\\*public\\*/Merged/](https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-AC0B3427-47D5-4219-B6B9-57E29CE82D07/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/)). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2019 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

## TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	✓	Public				
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 01.11 CC	-	Public				
SG 01.12 CC	✓	Public				
SG 02.2	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	-	Public				
SG 07.8 CC	✓	Public				
SG 13.1	✓	Public				
SG 13.2	-	Public				
SG 13.4 CC	-	Public				
SG 13.5 CC	-	Public				
SG 13.6 CC	-	Public				
SG 13.7 CC	-	Public				
SG 13.8 CC	-	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.4	-	Public				
SG 14.5	✓	Public				
SG 14.6 CC	-	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	-	Public				
SG 15.1	✓	Public				
SG 15.2	-	Public				
SG 15.3	-	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

# ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
<b>Name</b>	Coller Capital
<b>Signatory Category</b>	Fund of funds, manager of managers, sub-advised products - Majority
<b>Signatory Type</b>	Investment Manager
<b>Size</b>	US\$ 10 - 29.99 billion AUM
<b>Main Asset Class</b>	>50% Private Equity Externally Managed
<b>Signed PRI Initiative</b>	2014
<b>Region</b>	Europe
<b>Country</b>	United Kingdom
<b>Disclosure of Voluntary Indicators</b>	93% from 38 Voluntary indicators

# Coller Capital

## Reported Information

### Public version

### Strategy and Governance

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Investment policy

SG 01

Mandatory

Public

Core Assessed

General

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Fiduciary (or equivalent) duties <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input checked="" type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Other, specify (1) Modern slavery and human trafficking <input checked="" type="checkbox"/> Other, specify(2) Responsible sourcing of company food	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)

#### Other description (1)

Another thematic issue that we have identified as being important to our investors and investments is cyber security as an ESG and business continuity issue. Drawing upon the work of our in-house Head of Cyber we developed in-house policies and controls, and highlighted the issue amongst underlying GPs

Other RI considerations, specify (2)

#### Other description (2)

Another thematic issue that we have identified as being important to our investors and investments is the responsible sourcing of food as an ESG issue. Drawing upon the work of specialists within our network we developed in-house policies and controls, and highlighted the issue amongst underlying GPs

### SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

#### Investment principles

Our values (delivering for investors, innovation, empowerment, fairness & respect, and one firm:one team) all hinge upon maintaining our corporate integrity, which for Collier Capital means:

- Never compromising our investors
- Never crossing the line between competitiveness and wrong-doing
- Always keeping our word
- Never saying anything that isn't true
- Always acting in a way that safeguards the firm's reputation

We believe these neatly capture what it means to be a more responsible investor and which is why our ESG Policy and our approach is in harmony with our corporate values. The values are the touchstone for everything we do - and we therefore monitor implementation to check that this alignment is maintained in practice.

#### Investment strategy

We believe ESG factors can give rise to risks and opportunities that may have a material impact on investment performance. ESG analysis therefore forms an integral part of our risk-adjusted approach to investing. The integration of ESG into our investment methodology and processes assists us in ensuring that our fiduciary duties to investors are discharged appropriately. We comment on ESG for every investment opportunity we look at and we view our mandate as a powerful platform to influence ESG practice at underlying GPs.

### SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

#### ESG Policy

We interpret the scope of ESG broadly, including but not restricted to the examples listed in the United Nations-supported Principles for Responsible Investment (PRI) report, "Responsible Investment in Private Equity: A Guide for Limited Partners, Second Edition."

Collier Capital's original ESG Policy was produced in 2011 (updated in 2016 and 2018). The firm also has thematic ESG addenda to the Policy covering modern slavery and human trafficking, and farm animal welfare (FAW).

The ESG Policy, forms a part of our approach to responsible investing. Its key components, include:

- Considering applicable ESG issues in all investments, business strategies and initiatives, at both firm and fund level.



- Providing our investment professionals and other relevant personnel with an appropriate level of support, assistance and ESG training (using external resources when needed).
- Operating an ESG Committee, comprising senior managers and representatives from across the business, to monitor implementation of the ESG Policy and approve any significant initiatives proposed to enhance it.
- Ensuring that ESG risks and opportunities are considered as part of our evaluation of any prospective investment.
- Where appropriate, encouraging the general partners of portfolio funds to enhance their approach to ESG and assisting them in implementing their own ESG or similar policies.
- Working constructively with the limited partners of investee funds that express an interest in ESG matters, whether through direct engagement with particular general partners or otherwise.
- Encouraging continual improvement in ESG policies and practices by the general partners of investee funds.
- Reviewing ESG information (on performance and incidents) provided to us by the general partners of investee funds (both as a result of our formal monitoring requirements and by seeking informal updates).
- Reporting progress and recommendations to our ESG Committee and relevant governing bodies.

In developing our ESG Policy we gave consideration to the United Nations-supported Principles for Responsible Investment (PRI), United Nations Global Compact, the recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD) and applicable international management standards, such as, ISO 14001 (environment), SA 8000 (social) and OHSAS18001. Collier Capital also takes into account applicable industry specific ESG frameworks and documents, including the ESG Disclosure Framework and the PRI LP ESG DDQ, among others.

The Policy is made available to all underlying direct GPs (direct secondary investments) and to those GPs with whom we make a primary commitment into a new fund. It is also available to all other interested stakeholders and further information about our approach towards responsible investing can be found on our web site at: <http://www.colliercapital.com/About-us/Responsible-investment.aspx>. This site includes a link to information relating to modern slavery and human trafficking in line with the UK Modern Slavery Act 2015.

The ESG Policy has been fully implemented across the business and is applicable throughout the lifecycle of all our investments. Collier Capital review the continued suitability and effectiveness of the ESG Policy on an annual basis. However, our approach towards the management of ESG factors is under on-going review and in line with our ESG Policy, we seek continual improvement in our management of ESG factors.

#### **Other relevant policies**

We also hold various other in-house policies to address specific ESG factors, including anti-bribery and corruption, anti-money laundering and anti-facilitation of tax evasion policies, which are overseen by our Legal & Compliance team.

Our in-house sustainable food policy describes how we seek to incorporate environmental and social considerations into food that we provide both internally and at external events. We consulted with the Soil Association and Compassion in World Farming to assist in developing the policy.

More broadly, we also developed a formal in-house policy and procedure on responsible procurement.

As regards promoting ESG Policy outside the firm, we encourage underlying GPs to adopt their own ESG policies and ESG engagement practices (that either comply with or are aligned to the PRI). We have worked with many underlying GPs who did not hold an ESG policy to develop one and we introduce GPs to sources of ESG good practice, including the PRI and reporting frameworks such as the Sustainability Accounting Standards Board (SASB), the Global Reporting Initiative (GRI) and the Business Benchmark for Farm Animal Welfare (BBFAW), among others.

#### **ESG Committee**

Oversight of ESG integration is provided by our Head of ESG & Sustainability with the support of our ESG Committee and implementation is provided by investment team professionals (through our formal ESG processes) and our Head of ESG & Sustainability:

Collier Capital's ESG Committee comprises the following core members:

- Adam Black (Chair) - Head of ESG and Sustainability (London)
- Jeremy Collier - CIO
- Paige Brotherton - Partner, Investment team (New York)

- Frank Ochsenfeld - Partner, Head of Risk and Compliance (London)
- Stephen Marquardt - Partner, Co-Head of Investor Relations (London)
- Ian Flavill - Head of Cyber, Facilities and Suppliers (London)
- Observer: Alan Briefel (FAIRR)

Coller Capital has access to a wide range of global ESG experts (global and local consultancies, NGOs and academics). This virtual network is available to support in-house or made available to underlying GPs to assist with ESG factors. There have been several occasions where we have made introductions to local experts for underlying GPs.

*Adam Black, Head of ESG & Sustainability*

Adam has worked in sustainability and ESG for 26 years (11 in private equity), including time in the oil and gas industry, at a global technical ESG consultancy and certification body, a Big Four accountancy firm, and at a leading buy-out firm (Doughty Hanson) as an ESG Operating Partner.

He has worked in over 50 countries worldwide across a wide range of sectors, including high hazard industries such as mining, petrochemicals and energy. He holds a BSc in Environmental Science, MA in Environmental Law and post graduate qualification in Occupational Health & Safety, and is a Chartered Member of the Institution of Occupational Safety and Health (CMIOSH) and Chartered Environmentalist (CEnv and Fellow IEMA).

As Head of ESG & Sustainability at Coller Capital his role is to lead and innovate on responsible investment providing in-house expertise across the business and to the Investment Team in particular.

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Voluntary	Public	Descriptive	General
<b>SG 01.6 CC</b>	Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.			

We recognise that our investment strategy might be affected by the transition to a lower-carbon economy and that this presents both investment risks and investment opportunities (e.g. possible exposure to investment risks arising from stranded (carbon) assets) at fund level and/or underlying investee companies affected by a changing climate (e.g. flood risk, disruption to supply chains). We are also aware of potential investment opportunities arising from solutions or responses to a changing climate.

In developing our approach we have given consideration to the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and when undertaking ESG due diligence we draw upon various ESG databases (e.g. FAIRR Protein Producer, Index, Bloomberg and RepRisk) to help evaluate an investment opportunity. We also ask bespoke ESG questions that often include climate related queries (as appropriate). The databases we refer to include climate risk as one of a broad range of ESG factors covered.

When we engage with underlying GPs we often raise the issue of climate change either as part of our ESG conversations, as a specific question in our annual ESG Questionnaire and/or through more formal communications about the topic (e.g. as prompts for underlying GPs).

Climate change featured as a comprehensive topic note issued to >100 underlying GPs (based on the TCFD framework and highlighting best practices such as science-based targets), which was designed to help inform their thinking and management of the issue.

We have also engaged more broadly on the issue through engagement at industry conferences, with various trade bodies (e.g. BVCA, Invest Europe) and professional standards bodies (e.g. IEMA), and through our Barometer (a twice yearly assessment of the views and opinions of 110 institutional investors worldwide).

The Head of ESG & Sustainability is an environmental scientist with >26 years of experience, and since his degrees included climate change components, he is familiar with the underlying science, the policy and regulation, and the practical implications of climate change. This helps the team to understand the potential risk exposure by sector and/or geography and also assists in our understanding of how well underlying GPs factor in an assessment of climate-related risks in their own management processes. The information also helps us to form a view on the issues we might want to raise with underlying GPs, or focus on in more detail, post-

investment.

Since 2016, we have also undertaken a desk-based annual review of underlying investee companies to establish our funds overall exposure to those we consider as being of a higher carbon intensity.

Where we have identified underlying GPs and their portfolio companies that we feel pose a higher ESG risk, we have undertaken joint ESG workshops and visits to selected portfolio companies. Climate change and how this will impact their investments/businesses have featured prominently in these workshops and visits, and during 2017, for example, we raised the importance of scenario planning (20C and 40C global temperature increase) on the supply chain of one at risk company for its management and the underlying GP to take forward.

**SG 01.7  
CC**

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

**SG 01.8  
CC**

Indicate the associated timescales linked to these risks and opportunities.

As a secondaries firm we are in many ways a reflection of the wider private equity market. Accordingly, as underlying GPs begin to measure, mitigate and better understand and plan for climate change, we are beginning to see these developments reflected in our funds.

Our ESG engagement to date would seem to indicate that short term climate risk and related opportunities are something many underlying GPs are starting to look at, but moderate and longer term climate related risks and opportunities remain a work in progress. For instance, we have not seen many examples of forward looking scenario analysis within private equity of the type recommended by the TCFD. Most of what we see from underlying GPs is shorter term risk management and opportunity engagement (e.g. operational energy efficiency or supply chain related efficiency savings). On occasion we see longer term initiatives related to products or services.

On a deal by deal basis we might ask about short term carbon risk issues (e.g. carbon measurement and reduction initiatives), depending on the type of secondary and the activities of underlying GP portfolio companies, we might also ask about longer term initiatives, such as, exposure to flood risk, access to water, product changes or sourcing practices in a warmer world etc.

We undertake a high level annual assessment of our exposure to underlying GP portfolio companies that (in our view) present a more significant climate risk owing to the sector / type of industry (i.e. those we feel present more carbon intensive operations or risks). Our work to date indicates that we have a low overall exposure across all funds (c<10%) but we plan more work in this area to build on the assessments we have performed to date.

As a firm in our own right we have also measured our own carbon footprint (c 2,000 tonnes CO<sub>2</sub>e per annum) but we are planning to refine our approach during 2019 as we work towards becoming a carbon neutral firm. We are working with an external adviser to more accurately measure and mitigate our global carbon footprint, assist with better reporting of our annual emissions (Scope 1, 2 and 3) and we aim to be a carbon neutral firm by the year end. We also plan to learn from this exercise and work with the adviser to enhance our existing annual assessment of climate risk at the level of our funds.

We took into account the recommendations of the TCFD when revisiting our ESG Policy during 2018.

No

**SG 01.9  
CC**

Indicate whether the organisation publicly supports the TCFD?

Yes

No

**SG 01.10  
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

We took into account the recommendations of the TCFD when revisiting our ESG Policy in 2018 and whilst implementation remains a work in progress we are comfortable that the TCFD, appropriately informs our thinking towards ESG at a firm level.

At the firm level, for example, we have taken into account applicable legislation (existing and pending) such as UK ESOS and the SECR. In addition, we are working towards formal carbon neutral status as a firm globally during 2019. We envisage using this experience to re-evaluate our position on the TCFD recommendations in so far as these relate to our investment management processes.

As a private equity secondaries investor we are typically at least one step removed from the underlying GPs portfolio companies and so focus on those investments where we may have the ability to influence a manager. Being a secondaries investor means our funds are a reflection of the wider private equity market and so we focus on how we can best influence thinking, policy and practice amongst major underlying GPs (especially those with whom we have most influence) in respect of climate risk and, for example, the TCFD. We issued a note to all major underlying GPs (>100) on the topic of climate change which we know from feedback was well received and shared more broadly. This comprised information on climate change, 'go to' information sources such as science based targets and was also structured in accordance with the recommendations of the TCFD.

By working to become a carbon neutral company during 2019, we expect to enhance our carbon measurement, mitigation and reporting at firm level, and we envisage support and help to enhance existing initiatives related to carbon and our investment management processes. Climate change is one of many ESG factors we consider when making individual investments, and on an annual basis forms part of a high level review of our analysis of all major underlying GP portfolio company exposures.

We will also undertake further work in respect of our company pension plan, to better understand the options available to staff to invest in a more ESG friendly manner (and specifically in a climate friendly manner) through discussions held with our company pension plan provider.

No

**SG 1.12  
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

We provide information on ESG at Collier Capital within our annual ESG report and going forward will include certain generic data within annual financial reports.

**SG 02**

**Mandatory**

**Public**

**Core Assessed**

**PRI 6**

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 02.1**

Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

- Policy setting out your overall approach

URL/Attachment

- URL

URL

{hyperlink:https://www.collercapital.com/sites/default/files/ESG%20Policy%20%20February%202018.pdf}

- Attachment (will be made public)

Attachment

[File 1:ESG Policy February 2018.pdf](#)

- Formalised guidelines on environmental factors

URL/Attachment

- URL
- Attachment (will be made public)

Attachment

[File 1:COLLER CAPITAL SECTOR ESG GUIDE.xlsm](#)

- Formalised guidelines on social factors

URL/Attachment

- URL
- Attachment (will be made public)

Attachment

[File 1:COLLER CAPITAL SECTOR ESG GUIDE.xlsm](#)

- Formalised guidelines on corporate governance factors

URL/Attachment

- URL
- Attachment (will be made public)

Attachment

[File 1:COLLER CAPITAL SECTOR ESG GUIDE.xlsm](#)

- Fiduciary (or equivalent) duties
- Asset class-specific RI guidelines
- Sector specific RI guidelines
- Screening / exclusions policy
- Other, specify (1)

Other, specify (1) description

Modern slavery and human trafficking

URL/Attachment

- URL

URL

{[hyperlink:https://www.collercapital.com/sites/default/files/Modern%20Slavery%20Act%20%28Modern%20Slavery%20Statement%202017%29.pdf](https://www.collercapital.com/sites/default/files/Modern%20Slavery%20Act%20%28Modern%20Slavery%20Statement%202017%29.pdf)}

- Attachment (will be made public)

Attachment

- Other, specify (2)
- We do not publicly disclose our investment policy documents

**SG 02.2**

Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

- URL

URL

{[hyperlink:https://www.collercapital.com/sites/default/files/Collier%20Capital%20ESG%20in%20the%20Secondary%20Market%202018%20web%20version\\_0.pdf](https://www.collercapital.com/sites/default/files/Collier%20Capital%20ESG%20in%20the%20Secondary%20Market%202018%20web%20version_0.pdf)}

- Attachment

File Attachment

{hyperlink:Coller Capital ESG in the Secondary Market 2018 web version\_0.pdf [626KB]}

- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches

URL/Attachment

- URL
- Attachment

File Attachment

{hyperlink:ESG prompts for GPs (ESG and financial value).pdf [339KB]}

- Reporting

URL/Attachment

- URL

URL

{hyperlink:https://www.collercapital.com/sites/default/files/2018%20ESG%20Report\_0.pdf}

- Attachment

File Attachment

{hyperlink:250947 ESG Report-FINAL.PDF [5283KB]}

- Climate change

URL/Attachment

- URL
- Attachment

File Attachment

{hyperlink:ESG prompts for GPs (Climate Change).pdf [311KB]}

- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)

Other description (1)

Another thematic issue that we have identified as being important to our investors and investments is cyber security as an ESG and business continuity issue. Drawing upon the work of our in-house Head of Cyber we developed in-house policies and controls, and highlighted the issue amongst underlying GPs

URL/Attachment

- URL
- Attachment

File Attachment

{hyperlink:ESG prompts for GPs (Cyber Security).pdf [204KB]}

- Other RI considerations, specify (2)

Other description (2)

Another thematic issue that we have identified as being important to our investors and investments is food sourcing as an ESG issue. Drawing upon the work of specialists within our network we developed in-house policies and controls, and highlighted the issue amongst underlying GPs

URL/Attachment

- URL
- Attachment

File Attachment

{hyperlink:ESG prompts for GPs (Meat, Fish, Eggs and Dairy).pdf [518KB]}

- We do not publicly disclose any investment policy components

**SG 02.3** Additional information [Optional].

We have various other internal ESG guidance documents that we do not disclose publicly and which are for in-house use only. We view ESG as a lever that could be used to better protect or create value, mitigate risk or enhance our overall investment management process.

At a fund level, we believe that ESG factors can give rise to risks and opportunities that may have a material impact on investment performance. Analysis of ESG factors therefore forms an integral part of our risk-adjusted approach to investing. The integration of ESG factors into our investment methodology and processes assists us in ensuring that our fiduciary duties to investors are discharged appropriately.

We adopted our original ESG Policy and set up our ESG Committee in 2011, and in August 2014, we became signatories to the UN-supported Principles for Responsible Investment (PRI). In March 2016 we appointed a dedicated in-house Head of ESG & Sustainability (Adam Black), to lead and enhance our efforts, particularly in respect of our investment management process (as part of the investment team).

We seek appropriate ESG-related information on portfolio funds and, as far as it is available, their underlying investments. This information is integrated into our analysis, review and decision-making processes, both before and after investment. Every investment opportunity has some level of ESG analysis performed at due-diligence which varies in depth and breadth according to deal type.

We developed high level ESG due-diligence checklists for each type of investment and the deal teams complete these with support and additional more technical or nuanced questions posed as necessary. This approach coupled with our use of the SASB sector guides/materiality map, the RepRisk ESG database and other searches allows us to compile more bespoke ESG comments for IC on every investment opportunity.

In practice the scope of our ESG analysis depends to a significant extent on the availability of information. Similarly, our approach to implementation varies with the extent of our control in respect of a particular investment and our ability to exercise influence. Nonetheless, we believe our in-house capabilities and deep knowledge of the industry more broadly ensures better quality ESG due-diligence and allows us to more effectively influence underlying GPs.

The key elements of our approach by transaction-type, include:

**Direct secondary**



- Deal team to run through ESG checklist with the GP
- Is there a policy on ESG and on farm animal welfare (FAW)
- Who is the main ESG contact?
- Is the GP a PRI Signatory?
- What does the GP feel are the top ESG issues associated with the portfolio?
- What material issues and opportunities are there?
- What material crisis events have occurred?
- ESG function undertakes an assessment of the GP and portfolio (desk based research and RepRisk)
- Deal team to liaise with ESG function on response
- ESG function to pose any further bespoke questions
- SASB sector guides/materiality map
- Deal team and ESG function write IC ESG comment (detail varies as appropriate)
- ESG function liaises with Risk Lead if any material issues to reference in Overall Risk Opinion
- Post deal we organise a call and ideally a meeting with GP and ESG function
- Post deal, ESG function to provide GP with an ESG pack (our ESG and FAW policy, useful contacts, other tools and information)
- Post deal we introduce the GP to Coller ESG reporting
- We monitor on a quarterly basis by exception and we also plan to instigate more formal monitoring of ESG through the use of a software solution over the coming 12 to 24 months. This system will include ESG metrics embedded as part of our financial reporting
- On-going monitoring of financial performance using our Post Investment Governance Intervention (PIGI) Committee and in-house finance reporting tool also now includes material ESG metrics
- Post deal identify opportunities to work with the GP/portfolio on ESG (e.g. policy, training or portfolio ESG issue case study, thematic ESG analysis)

#### **Co-investment**

- Deal team to run through ESG checklist with the GP
- Is there a policy on ESG and on FAW
- Who is the main ESG contact?
- Is the GP a PRI Signatory?
- What does the GP feel are the top ESG issues associated with the portfolio?
- What material issues and opportunities are there?
- What material crisis events have occurred?
- ESG function undertakes an assessment of GP and portfolio (desk based research and RepRisk)
- Deal team to liaise with ESG function on response
- ESG function to pose any further bespoke questions
- SASB sector guides/materiality map
- Deal team and ESG function write IC ESG comment (where appropriate)
- ESG function liaises with Risk Lead if any material issues to reference in Overall Risk Opinion
- Post deal request notification of any material issues or opportunities and this may involve some collaboration

#### **Primary**

- Deal team to run through ESG checklist with the GP
- Is there a policy on ESG and on FAW
- Who is the main ESG contact?
- Is the GP a PRI Signatory?
- ESG function undertakes an assessment of GP and portfolio (desk based research and RepRisk)
- Deal team to liaise with ESG function on response
- ESG function to pose any further bespoke questions

- SASB sector guides/materiality map
- Deal team and ESG function write IC ESG comment (where appropriate)
- ESG function liaises with Risk Lead if any material issues to reference in Overall Risk Opinion
- Post deal request notification of any material issues or opportunities

#### Fund position

- ESG function undertakes an assessment of GP(s) and potentially of selected portfolio companies (desk based research and RepRisk). Typically for larger fund position transactions
- Deal team to liaise with ESG function on response and ESG function to pose any further bespoke questions
- SASB sector guides/materiality map
- Deal team and ESG function write IC ESG comment (where appropriate)
- ESG function liaises with Risk Lead if any material issues to reference in Overall Risk Opinion
- Post deal request notification of any material issues or opportunities

## Governance and human resources

SG 07 CC	Voluntary	Public	Descriptive	General
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<b>SG 07.5 CC</b>	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

External managers or service providers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

<b>SG 07.6 CC</b>	For board level roles for which have climate-related issues oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.
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- When material climate-related issues arise for a particular investment these are discussed at Strategic Investment Committee and involve a discussion about exposure via underlying GPs to a particular industry sector associated with climate risks.
- Our exposure via underlying GPs to more carbon-intensive industry sectors or industry sectors that are known to pose a specific climate issue is periodically kept under review and is formally evaluated (desk based) at least annually.
- At the firm level we are working towards being a carbon neutral company during 2019 and this work is being undertaken with an external service provider.

<b>SG 07.8 CC</b>	Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.
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- Incorporation of TCFD in Annual Report
- Incorporation of TCFD in regular client reporting
- Request that investment managers complete PRI Climate indicators
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner guide

## ESG issues in asset allocation

<b>SG 13</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>SG 13.1</b>	Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
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- Yes, to assess future ESG factors
- Yes, to assess future climate-related risks and opportunities
- No, not to assess future ESG/climate-related issues

<b>SG 13.3</b>	Additional information. [OPTIONAL]
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Our mandate as a PE secondaries investor does not lend itself well to forward looking climate-financial risk scenario analysis (we are a reflection of the wider PE market and so reliant on underlying GPs work in this area), but we encourage underlying GPs to do so where relevant to investments. For example, we have raised the approach in specific circumstances when visiting underlying GPs or their portfolio companies, and we also issued a note to >100 underlying GPs on climate change which referred to scenario analysis and the recommendations of the TCFD.

At a fund level we review our exposure to underlying portfolio companies on an annual basis and this includes a review of and focus on those we believe represent a higher carbon intensity risk. This helps us adopt a view on how much exposure we have and what the future risk could be, at a high level. This annual assessment is a work in progress and as part of our programme to go carbon neutral as a firm in our own right during 2019, we plan to revisit our current approach and factor in scenario analysis (suitable for a secondaries investor) in collaboration with our service provider.

<b>SG 14</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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**SG 14.1**

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

other description (1)

ESG issues associated with food and agriculture.

- Other, specify(2)
- None of the above

**SG 14.2**

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify

other description

High level analysis of our exposure to underlying GPs more carbon intensive portfolio companies (started 2016).

- None of the above

**SG 14.3** Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

**SG 14.5** Additional information [Optional]

We are working towards being a carbon neutral company as a firm in our own right during 2019. We have estimated our carbon footprint and are using external advisers to measure this more accurately (Scope 1, 2 and 3) in order to mitigate and report more fully, and ultimately achieve neutrality. We envisage that this work will inform our current thinking and assessment of carbon risk within the investment management process and across the funds, including our existing annual assessment of our exposure to underlying GP portfolio companies that we feel are more carbon intensive.

<b>SG 14 CC</b>	<b>Voluntary</b>	<b>Public</b>		<b>General</b>
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**SG 14.8 CC** Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.

- Process for climate-related risks is integrated into overall risk management

Please describe

To the extent we have access to the necessary information to take a view (as a secondaries investor) we consider climate risk as part of a broad suite of ESG factors that we ask about and that we research as part of our due diligence. For those investment opportunities that we feel present a material climate risk we would ask more detailed questions about climate risk/opportunity, including forward looking scenario analysis questions where applicable. We also make use of third party databases to help form a view. For those investment opportunities that would allow us greater access to management we might organise meetings with applicable underlying GP portfolio companies and where appropriate we would follow up post investment.

- Process for climate-related risks is not integrated into our overall risk management

<b>SG 15</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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**SG 15.1**

Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

- Yes
- No